

Sales and Manufacture of Dairy Products

Consumption and demand data is difficult to generate for food items, and dairy products are no exception. However, sales data and manufacturing data can be used to approximate consumption figures. Sales data for fluid milk products were used to estimate consumption of fluid milk products, and manufacturing data were used to estimate consumption of other selected dairy products.

Many products can be manufactured using milk as the primary ingredient. The discussion here is limited to cottage cheese and frozen dairy products, which have similar post-processing characteristics to those of fluid milk, i.e., insignificant importation, exportation or long-term storage (Table 36).

An appropriate population estimate is a necessary component for estimating per capita consumption. California population data were obtained from the California Department of Finance. In July 1997, the state's population reached an estimated 32.961 million. This represents a 1.8 percent increase over the previous estimate of 32.383 million for July 1996.

Per capita consumption of fluid milk products was 91.25 quarts (Table 36). The total consists of 65.68 quarts of whole and reduced fat (2 percent fat) milk, 10.45 quarts of lowfat (1 percent fat) milk, 13.83 quarts of skim (fat free) milk and 1.29 quarts of half-and-half products. The 1997 per capita consumption figure represents a 1.7 percent decrease from the 1996 estimate and a 2.0 percent decrease from the 1995 estimate.

In 1997, per capita consumption of cottage cheese in California (as estimated by per capita production) totaled 2.91 pounds, and increase of 0.7 percent since 1996. Lowfat and nonfat cottage cheese were consumed in greater quantities than creamed cottage cheese (1.93 pounds vs. 0.98 pounds), which contrasts sharply with the consumption patterns prevalent in the late 1970s and throughout the 1980s.

Frozen products were broken into three categories — ice cream, ice milk and sherbet. Total frozen dairy product consumption is up 0.8 percent since 1996 but down 5.8 percent since 1995. Ice cream accounted for approximately 75 percent of the consumption of frozen dairy products. Ice milk accounted for approximately 21 percent, with sherbet accounting for the remaining products consumed. Consumption of imitation ice cream and imitation ice milk products was insignificant at less than 0.01 pounds per capita.

Table 35. Estimated Per Capita Consumption of Selected Dairy Products in California, 1977 - 1997

Year	California Population (1,000)	Fluid Milk Products					Cottage Cheese			Frozen Dairy Products			
		Total (quarts)	Whole & 2% (quarts)	Skim (quarts)	Lowfat 1% (quarts)*	Half & Half (quarts)	Total (pounds)	Creamed (pounds)	Low- & Nonfat (pounds)	Total (quarts)	Ice Cream (quarts)	Ice Milk (quarts)	Sherbet (quarts)
1977	22,350	125.64	115.62	8.47	—	1.54	6.56	4.63	1.93	22.06	15.28	5.03	1.02
1978	22,839	124.34	114.68	8.07	—	1.59	6.41	4.41	2.00	22.05	15.45	5.08	0.92
1979	23,255	123.36	114.00	7.75	—	1.61	6.33	4.32	2.01	21.58	15.33	4.89	0.89
1980	23,771	119.36	110.26	7.52	—	1.58	6.16	4.06	2.10	21.33	15.26	4.84	0.84
1981	24,210	116.45	107.55	7.30	—	1.59	5.90	3.78	2.12	21.36	15.56	4.69	0.82
1982	24,722	112.07	103.63	6.86	—	1.57	5.44	3.45	1.99	20.85	15.41	4.49	0.77
1983	25,152	111.57	103.16	6.80	—	1.60	5.30	3.31	1.99	21.38	16.07	4.43	0.76
1984	25,576	111.99	102.81	7.41	—	1.76	5.51	3.37	2.14	22.20	16.68	4.62	0.79
1985	26,365	111.74	101.94	7.99	—	1.81	5.33	3.15	2.19	21.74	16.19	4.70	0.76
1986	26,846	110.04	99.94	8.36	—	1.74	5.36	3.04	2.32	21.42	15.96	4.71	0.70
1987	27,663	107.07	96.85	8.64	—	1.58	4.91	2.77	2.15	21.09	15.66	4.69	0.71
1988	28,314	106.68	95.56	9.50	—	1.58	4.42	2.42	2.00	21.53	15.14	5.63	0.72
1989	29,063	106.29	93.74	11.00	—	1.55	3.96	1.98	1.98	21.43	14.83	5.82	0.75
1990	29,976	105.13	85.80	10.92	6.84	1.58	3.59	1.65	1.94	20.35	13.71	5.86	0.73
1991	30,655	103.05	82.61	10.69	8.27	1.48	3.43	1.50	1.93	19.86	14.18	4.90	0.67
1992	31,335	100.88	80.39	10.80	8.37	1.32	3.23	1.32	1.91	19.67	14.21	4.66	0.67
1993	31,742	97.47	76.85	11.22	8.09	1.31	2.85	1.09	1.76	18.86	13.91	4.19	0.67
1994	32,140	93.92	72.29	11.53	8.78	1.32	2.87	1.02	1.85	18.66	13.84	4.15	0.66
1995	32,063	93.15	69.27	12.79	9.82	1.27	2.71	0.97	1.74	19.02	13.96	4.01	1.05
1996	32,383	92.80	68.34	13.39	9.76	1.31	2.89	1.01	1.88	17.76	13.27	3.69	0.80
1997	32,961	91.25	65.68	13.83	10.45	1.29	2.91	0.98	1.93	17.91	13.31	3.82	0.78

*Fluid milk containing 1% milkfat was introduced in California January 1990.

Classification of Dairy Products

EFFECTIVE JUNE 21, 1993

PRODUCT DESCRIPTION	CLASSIFICATION	
Acidified Half-and-Half	1	
Fluid Milk Products:		
Acidophilus	1	
Concentrated	1	
Filled	1	
Flavored	1	
High Nutrient	1	
Imitation	1	
w/Lactobacillus Acidophilus Culture	1	
Lactose Reduced	1	
Modified	1	
Whole, Reduced Fat, Lowfat, Fat Free	1	
Half-and-Half	1	← These products are assigned to Class 2 if packaged in pre-sterilized containers to meet out-of-state requirements and sold outside the boundaries of California.
Kefir and Fruit Kefir	1	
Milk Drink	1	
Milk Drink Mix	1	
Acidified Buttermilk	2	
Acidified Half-and-Half	2	
Acidified Half-and-Half Dressing	2	
Buttermilk	2	
Clotted Cream	2	
Condensed (Sweetened and Unsweetened)	2	
Milk	2	These products must be assigned to the classification of ultimate usage.
Lowfat Milk	2	
Fat Free Milk	2	
Cottage Cheese:		
Acidified or directly set	2	
Creamed	2	
Creamed Spread	2	
Lowfat	2	
Fat free	2	
Partially Creamed	2	
Uncreamed	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Cream		
Acidified Cream	2	
Coffee Cream	2	
Light Cream	2	
Table Cream	2	
Whipping Cream	2	
Cream Dressing (Sour and Acidified Sour)	2	
Dry Whey (from Cottage Cheese)	2	
Egg Nog (all varieties)	2	
Evaporated (Sweetened and Unsweetened)		
Cream	2	
Milk	2	
Lowfat Milk	2	
Fat free Milk	2	These products must be assigned to the classification of ultimate usage.

PRODUCT DESCRIPTION	CLASSIFICATION	
Fromage Frais (Lowfat, Fat free)	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Hoop Cheese	2	
Sour Cream	2	
Light Sour Cream	2	
Sour Flavored Half-and-Half	2	These products are assigned to Class 2 if sold for use outside California and Class 4a if sold for use outside of the 48 contiguous states.
Sour Half-and-Half Dressing	2	
Ultra High Temperature (UHT) Products:		
Fluid Flavored Milk (Whole, Lowfat, Fat free)	1	
Fluid Milk (Whole, Lowfat, Fat free)	1	These products are assigned to Class 4a if sold for use outside of the 48 contiguous states.
Half-and-Half	1	
Dairy Spread	2	
Egg Nog	2	
Flavored Drink	2	These products are assigned to Class 4a if sold for use outside of the 48 contiguous states.
Lowfat Milk	2	
Milk	2	
Milk Drink Mix	2	
Fat free Milk	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Ultrapasteurized Half-and-Half (hermetically sealed)	2	
Whipped Cream (Cream Topping)	2	
Whipped Nonfat Yogurt Topping	2	
Yogurt (Flavored, Lowfat, Nonfat)	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Yogurt Drink (Lowfat, Nonfat)	2	
Yogurt Sherbet	2	
Frozen Dairy Dessert (Mix, Lowfat, Nonfat)	3	
Frozen Yogurt (Mix, Lowfat, Nonfat)	3	
Ice Cream and Ice Milk		
Diabetic	3	
Dietetic	3	
Imitation	3	
Mix	3	
Nonfat	3	
Light Dairy Dessert	3	
Quiescently Frozen Confections	3	
Sherbet	3	
Butter	4a	These products are assigned to Class 4a if sold outside the 48 contiguous states.
Dry Buttermilk	4a	
Nonfat Dry Milk	4a	
Ultrapasteurized Milk Products	4a	
Whole Dry Milk	4a	
Cheese:		
Bakers	4b	
Blue	4b	
Brick	4b	
Cheddar	4b	
Colby	4b	
Cream	4b	
Full Skim	4b	
Gorgonzola	4b	
Limburger	4b	

PRODUCT DESCRIPTION	CLASSIFICATION
Cheese (continued)	
Monterey Jack	4b
Mozzarella	4b
Muenster	4b
Neufchatel	4b
Parmesan	4b
Part Skim	4b
Provolone	4b
Ricotta	4b
Romano	4b
Swiss	4b
Dry Modified Whey	4b
Dry Whey (from other Cheese)	4b

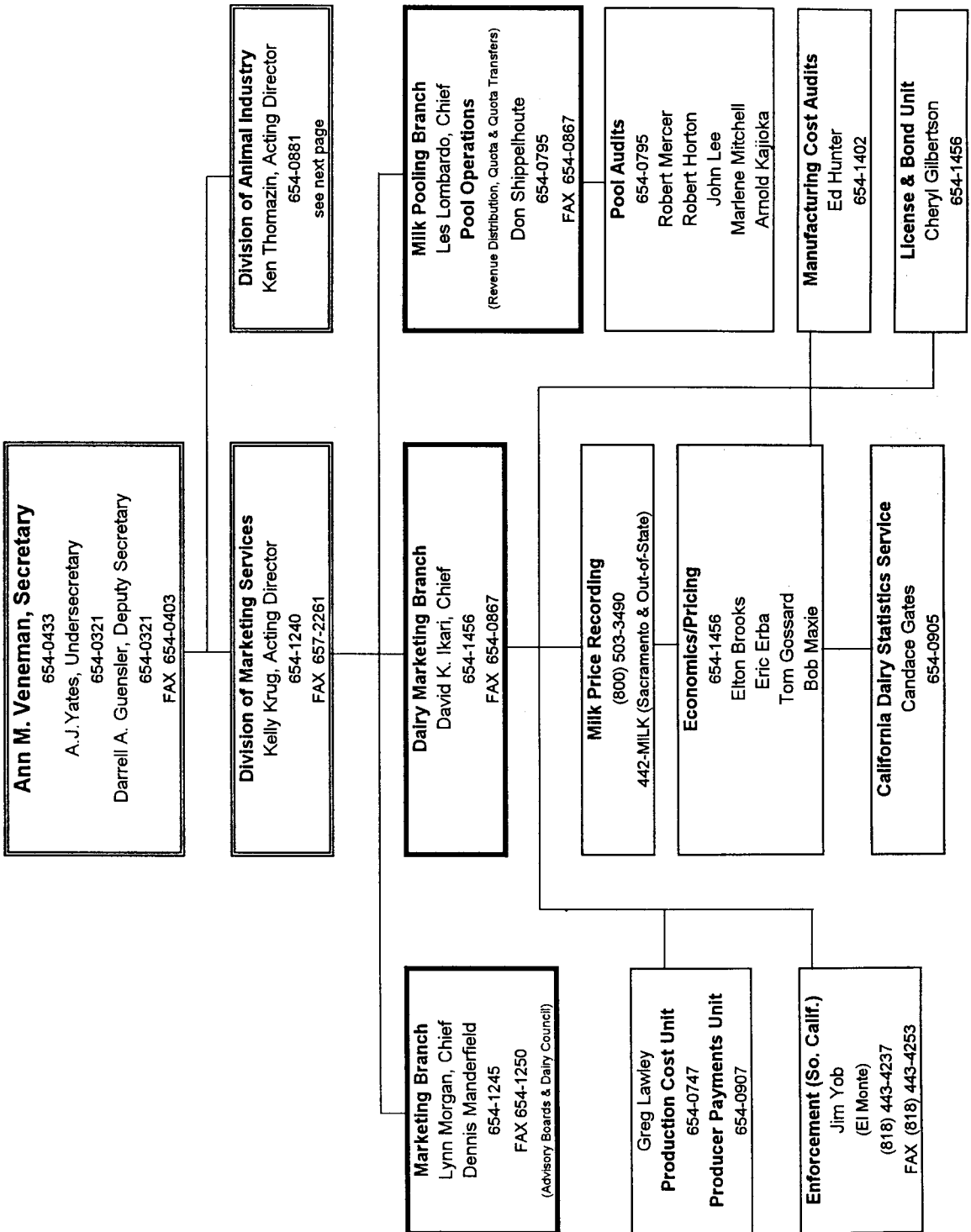
California Dairy Industry Historic Timeline (as related to Government)

- 1932 Los Angeles Milk Arbitration Board: Voluntary agreement among producers and handlers to set producer and resale prices.
- 1935 Young Act - Establishes minimum producer pricing. Milk Stabilization created. Federal programs terminated in California.
- 1937 Desmond Act - Establishes minimum wholesale and retail pricing.
- 1945 Dairy Products Promotion Act - Establishes the Dairy Council of California to foster education and promotional programs.
- 1947 Unfair Practices Act - Regulates unfair dairy business practices. Prohibits sales below cost.
- 1955 Amendment of Young Act: Basis for pricing changed.
- 1962 AB 2742 - Establishes component pricing for fluid milk products. (butterfat, solids-not-fat, and fluid carrier).
California introduces lowfat (2-10) milk.
- 1965 Classified pricing for manufactured products begins, based solely on finished product prices for butter and nonfat dry milk.
- 1967 Gonsalves Milk Pooling Act - Establishes a statewide pooling of producer revenues, using a system of quota, base and overbase.
- 1969 Gonsalves Milk Pooling Act becomes effective.
California Milk Advisory Board established.
- 1970 California Manufacturing Milk Advisory Board established.
- 1973 Quality assurance dating was extended to most dairy products.
Forward pricing for Class 2 and 3 products began.
Suspension of minimum wholesale pricing began.
- 1974 AB 1570 - Requires cottage cheese, buttermilk, and sour cream dressing be made from market grade milk.
- 1975 Minimum retail prices suspended in North and Central Valley.
- 1977 Minimum retail and wholesale prices suspended in all areas.
Market Milk Enforcement consolidated with Milk Stabilization.
- 1978 AB 1110 - Desmond Act repealed. All original quota equalized. Authority to establish formula pricing.
Economic formula to determine Class 1 prices implemented. Established 2-month pricing periods.
- 1979 Milk movement provisions developed.
 - Call provisions
 - Transportation credits (plant to plant)
 - Transportation allowances (ranch to plant).
- 1980 Fluid milk usage goes below 50 percent of total milk production on an annual basis.
- 1982 AB 903 - Class 4 divided into Class 4a and Class 4b.

- 1983 Dairy and Tobacco Adjustment Act of 1983 - Dairy Diversion Program: Payments made for voluntary 5% to 30% reductions in milk production between January 1984 and March 1985; first federal use of supply control in the milk industry.
- 1984 AB 910 - Milk Pooling statutes revised relative to issuance of new quota. Quota allocated based on Class 1 growth above historic high.
Implementation of \$0.15 per hundredweight national promotion assessment.
- 1985 1985 Farm Bill - Dairy Termination Program - payment made for voluntary elimination of dairy farms between April 1986 and August 1987.
- 1987 SB 29 - Establishes Milk Producers Security Trust Fund.
- 1989 Class 4b prices based on cheese prices began.
Two-month pricing for Class 2 and 3 began.
Emergency price relief granted on Class 1 from August through November 1989.
- 1990 Extra light (1-11) milk introduced.
- 1991 AB 2203 - Provided emergency price relief on Class 1, 2, and 3 milk from April to September 1992.
- 1992 Emergency price relief granted on Class 1, 2 and 3 from February through August 1992.
- 1993 SB 688 - Milk Pooling Statutes revised to provide a fixed Class 1 price differential of \$1.70 from January 1, 1994 to January 1, 1995.
SB 72 - Authorizes dairy product cross-promotion. Yogurt reclassified from Class 1 to Class 2 milk product. Quota now based on Class 1 and 2 growth.
Cost of Production removed from Class 1 pricing formula, replaced by Commodity Reference Price.
California Milk Processors Board established.
California Dairy Advisory Committee established.
- 1994 AB 1285 - Removes sunset clause on SB 688 making the \$1.70 fixed differential permanent.
Milk Stabilization Branch name changed to Dairy Marketing Branch.
- 1995 Emergency price relief granted on all classes from June 1995 through January 1996.
- 1996 SB 1885 - Changes accounting for restricted use market milk. Eliminates producer's ability to de-pool their milk on a monthly basis by giving up their Grade A permit.
- 1997 Changed the accounting for other source milk on July 1.
- 1998 AB 1058 - Removes sunset clause on SB 1885.

Key Contacts for Department Dairy Services

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